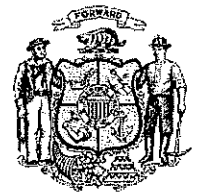




# JOEL KLEEFISCH

STATE REPRESENTATIVE



## Organized Retail Crime Assembly Bill 340

Organized Retail Crime (ORC) typically involves two or more persons working together to shoplift merchandise with the intent to resell.

Nationally, estimates are that ORC results in the loss of \$30 billion in merchandise annually.

Organized retail crime negatively impacts both consumers and businesses.

- increasing prices on merchandise purchased by consumers
- increased insurance premiums purchased by businesses.

In Wisconsin, it is estimated that \$631 million in merchandise is stolen in ORC merchandise resulting in a loss of more than \$31.5 million in sales tax revenue for the state.

### Assembly Bill 340

- Lowers the felony threshold for retail theft from \$2,500 to \$500.
  - Under existing law, the total value of the merchandise stolen needed to reach \$2,500 before the crime could be considered a Class I felony.
- Increases the penalty for retail theft of merchandise valued at less than \$500 to a Class I felony if the thief steals **with intent to resell**, essentially making it a felony to steal anything with intent to resell.
- Allows district attorney's to prosecute organized retail theft cases across county lines, similar to what is allowed under current law in the prosecution of those knowingly drafting non-sufficient fund checks.
- Requires proof of ownership for the following items sold at flea markets: baby food; cosmetics; devices; drugs; infant formula; batteries; and razor blades.

*\*Estimates provided by National Grocers Association (NGA), Wisconsin Grocers Association (WGA), and the National Conference on State Legislatures (NCSL).*



## Florida Shoplifting Ring All in the Family

**Family of Thieves Stole \$100M, Cops Say**

**Jan. 28, 2008 —**

An extended family of shoplifters has been blamed for stealing \$100 million worth of merchandise in the last five years and selling the looted stuff through online auctions like eBay, authorities said.

An investigation by Florida police uncovered a five-year scheme of heists that targeted convenience and grocery stores by a large coordinated group.

"In less than three minutes, [they] could walk out with \$4,000, \$4,400 worth of merchandise," said Sheriff Grady Judd of Polk County, Fla.

Authorities said at least 18 relatives. The ring had a hierarchy where the people on the top had no criminal records, but the people doing the shoplifting had extensive criminal backgrounds, according to police.

Using elaborate teams of scouts for security cameras, lookouts to track employees and grabbers, the team hit as many as eight stores a day.

Police realized the depth of the situation once they discovered that the stolen goods filled a warehouse from the floor to the ceiling. There were thousands of items, primarily health and beauty aids, along with over-the-counter drugs.

Police said the family members sold the stolen items using online auction sites like eBay.

"This is not little Johnny stealing a pack of bubble gum or a woman stealing a single shirt. These groups are very organized and very sophisticated," said Joseph LaRocca, Retailers Federation loss prevention vice president. "They're stealing merchandise and reselling it to make a lot of money."

Some ads even offered free shipping for products like razors, hair growth aids and pregnancy tests. LaRocca said the Internet has made it easier for shoplifters.

"The Internet has now offered a local criminal a national or even worldwide marketplace to sell the merchandise," he said.

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## **Fla. shoplifting Gang Steals \$100 Million In Goods [www.privateofficer.com](http://www.privateofficer.com)**

Posted on January 29, 2008 by [privateofficerbreakingnews](http://privateofficerbreakingnews)

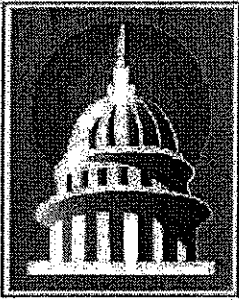
## **Fla. Shoplifting Gang Steals \$100 Million In Goods [www.privateofficer.com](http://www.privateofficer.com)**



LAKELAND FLA.— A multi-agency investigation that began with a single shoplifting incident about seven months ago has revealed an 18-person crime ring that may be responsible for the theft of up to \$100 million worth of medicine and health and beauty goods from convenience and grocery stores statewide, Polk County Sheriff Grady Judd said Thursday. The

investigation started with two shoplifters at a Publix supermarket on Shepherd Road in Lakeland on June 26, Judd said at a news conference in Lakeland on Thursday afternoon. Rita Maddox and Elisha Cordle of Dover stole nearly \$4,500 worth of Oil of Olay products that day, placing them into special bags designed to conceal stolen goods, Judd said. To law enforcement, it seemed like a regular shoplifting incident and the two were charged with grand theft. But after speaking with confidential sources, Judd said, a sheriff's detective uncovered something more: the single largest organized crime ring of its kind in Polk County Sheriff's Office history. On Thursday, after executing five search warrants, 14 people were arrested and charged with racketeering and conspiracy to commit racketeering. Five of those people are already serving jail or prison time, Judd said. Four more people are still wanted on the same charges. Judd said many more may be involved. "I highly suspect that this is just a tentacle of a larger operation," he said. "This is truly more of the beginning of the investigation than its end." Maddox and Cordle were just two of at least 13 stealthy shoplifters who stole between \$60 million and \$100 million worth of over-the-counter medicines and beauty and health products from hundreds of convenience and grocery stores in at least 11 counties, Judd said. They reported to two middlemen and two ringleaders, who in turn sold the products out of two warehouses, three flea markets, including one in Auburndale, and two Web sites, including a long-standing eBay.com account. The crime ring has been operating for at least five years, Judd said. The investigation began after Maddox and Cordle, who have a child together, were arrested in June. It spanned seven months and included the sheriff's offices of Polk and Hillsborough counties, the Florida Department of Law Enforcement and Attorney General Bill McCollum's office. The retail theft operation was well-concealed. The 13 known shoplifters are all related in some way to each other and most had prior arrests and convictions for shoplifting, Judd said. They used bags designed to conceal the stolen items to shoplift from the stores, which they revisited numerous times. On one day, Judd said, investigators watched thefts occur in eight different stores. On another occasion, three people shoplifted from a Publix store while a manager did inventory in the same aisle. They were good at what they did, Judd said. The four who led the ring do not have criminal records, he said. Ringleaders Steven and Kerry Coburn are married and own four homes throughout Seminole County, authorities say. They sold the stolen items on their Web site SaleAwaySavings.com, Judd said, and even offered free shipping to customers in the U.S. One item, a soap and cologne gift set for men, was recently being sold on the site for \$48.95. A 110-pack of Nicorette orange-flavored gum was on clearance sale for \$159.99. The goods were delivered to the Coburns in cardboard Chiquita and Dole banana boxes. Steven Coburn inspected each box to make sure the items

were in top condition. Popular items included Gillette razors and razor blades, Oil of Olay moisturizers and other health-related products, from Tylenol and Excedrin to pregnancy tests and diabetic test strips."He wanted to make sure they were brand names and not generic," said sheriff's Maj. Joe Halman. Coburn even required forms to be signed that stated none of the products were stolen, Judd said. Theresa and Ronald Parrish were the middlemen, police said. They dealt with the shoplifters and paid them as much as \$3,000 in cash for each delivery. Theresa Parrish, an eBay member since March 2002, sold some of the items out of her eBay store, Lola's Discount Health and Beauty, officers said. More than 10,000 positive feedback points were left for Parrish from happy eBay members who purchased items such as razor blades, moisturizer and even bras. Buyers left praise for the quality of the products and speed of delivery. Judd said that once they were arrested, the Parrishes quickly confessed. "This investigation is just beginning. We know there are others involved," he said. It is not known exactly how much of a profit the operation generated. Although the shoplifters were arrested from time to time, their offenses were thought to be singular events. Until the law enforcement agencies developed the investigation, they did not realize how many people were involved, Judd said.



# **Wisconsin Merchants Federation**

"Voice of Wisconsin Retailing"

1 East Main Street, Suite 305, Madison, WI 53703 • 608-257-3541 • Fax: 608-257-8755 • [wmf@wismerchants.com](mailto:wmf@wismerchants.com)

## **SPECIAL MEMORANDUM**

**To: Senate Committee on Judiciary, Corrections, and Housing**

**Date: February 14, 2008**

**From: Chris Tackett  
President & CEO**

**Subject: WMF Supports AB 340: Organized Retail Crime Bill**

Organized Retail Crime (ORC) is the single most important security problem facing Wisconsin retailers today.

ORC involves two or more persons working together to steal merchandise for resale. The FBI estimates it results in the loss of \$30 billion in merchandise annually in America.

Wisconsin losses alone are over \$630 million in merchandise with a loss of over \$31 million in sales tax revenue. It raises the prices for honest shoppers and could involve public safety.

Specifically AB 340:

- Lowers the felony threshold for retail theft from \$2,500 to \$500.
- Increases the penalty for retail theft with intent to resell.
- Allows DA's to prosecute across county lines.
- Requires proof of ownership for certain items.

Wisconsin's high felony level of \$2,500 is a magnet for these "boosters" to come here and exercise their illegal activities. Today's information technology and most notably the Internet – allow these activities to occur 24/7. Just like legitimate cable channels selling jewelry – they are always open.

We would like also to offer written testimony for two of the nation's experts on Organized Retail Crime:

Frank Muscato, ORC Investigation Supervisor  
Walgreen Co.  
Deerfield, IL

Mr. Muscato testified before the Assembly and is testifying in Colorado today.

Also attached is the testimony presented before the U.S> House Judiciary Committee, Subcommittee on Crime, Terrorism, and Homeland Security. The testimony is by:

Brad Brekke, Vice President – Assets Protection  
Target Corporation

Chris Tackett  
President & CEO  
608-257-3541  
[chris.tackett@wismerchants.com](mailto:chris.tackett@wismerchants.com)



**Testimony on Behalf of  
Walgreen Co.  
Concerning Assembly Bill 340  
Organized Retail Crime**

**Presented to the  
WI Senate Committee on Judiciary, Corrections and  
Housing  
Madison, WI  
February 14, 2008**

**Mr. Frank Muscato  
Organized Retail Crime Investigations Supervisor  
Walgreen Co.  
Deerfield, Illinois**

**Chairperson Taylor and members:**

I would like to thank the Committee for allowing the Walgreen Co. ("Walgreens") to present comments in support of Assembly Bill 340. Today my testimony will focus on explaining what, precisely, is meant by the term Organized Retail Crime or "ORC" as commonly known in the loss prevention and law enforcement community; as well as in providing some insight regarding the scope of this problem and the impact it has on the economy in Wisconsin and across the United States.

**What is Organized Retail Crime or "ORC"?**

Many or perhaps most people when thinking of retail theft imagine a stereotypical shoplifter. Shoplifters are not who we are talking about when we reference ORC. Shoplifters are persons who steal items for their own personal use. They take food, clothing, etc., and are typically only opportunistic shoplifters: e.g. juveniles taking candy, the newest style of clothes, prerecorded music, a little food to eat, and so on. These persons are the basic shoplifters who have been around as long as items have been for sale and, though a nuisance and cost to retailers, not a major crime problem and definitely not ORC.

Unfortunately, we now see professional thieves or "boosters" operating in well-organized groups often carrying large bags or wearing special clothing lined with foil or other anti-detection devices so that they can bypass the sensors of the security alarms. These groups are bold, organized, and networked. They operate nationwide, and some even operate worldwide. A professional retail thief steals large numbers of the same product and takes orders on items to be stolen. Professional retail thieves will travel from city-to-city, state-to-state, and internationally, to commit large-scale retail theft.

As America's largest retail pharmacy, we understand the importance of the proper handling of pharmaceuticals, over-the-counter medications and other specific products. For example, infant formula has strict temperature controls, where failing to control, may result in the spoilage of the formula. In many cases, stolen over-the-counter medications and baby formula are exposed to extreme temperatures that could affect the safety of the product. Our loss prevention professionals have witnessed first hand this type of stolen product being stored at extreme temperatures by thieves. Once items are stolen, they are often taken immediately to a buyer or "fence." A fence will typically purchase items for about one quarter of the listed retail price and then move the items to a clandestine warehouse for repackaging or to a flea market or swap meet.

**Scope of the Problem and Economic Impact**

As stated earlier in my comments, ORC is a problem on the local, state, national, and international level. ORC thieves and those that support ORC by fencing, laundering, and selling goods that are stolen by organized rings of thieves cost U.S. taxpayers billions of dollars each year. Using our company as just one example, Walgreens—where we operate almost 200 pharmacies in Wisconsin—for the fiscal year ending Aug. 31<sup>st</sup>, reported combined self-service sales of \$639 million in Wisconsin. Using the FBI's 4% "shrink" rule, our estimated losses to theft in Wisconsin for this same timeframe were some \$26.5 million. Calculate that figure by the sales tax rate of



5.5% here in Dane County and it is amazing to see that the citizens of the state of Wisconsin were robbed of approximately **\$1.4 million** in lost sales tax revenue from Walgreens over just these last 12 months. Extrapolate that over the tens of thousands of retailers operating in Wisconsin and one can begin to see the scope of the economic impact and loss. And this is only the loss related to sales tax revenue. Not considered in that calculation are the losses associated with jobs that are not available because of lost sales, state programs that go under or unfunded due to lost tax revenue, or individuals injured or made ill who received falsely re-labeled or expired OTC drugs or infant formula.

Concerning the flea market language in AB 340, I want to emphasize that this legislation will not, and is not, intended to shut down legitimate vendors—but rather only those vendors selling stolen merchandise and products that pose a health threat to consumers.

### **Conclusion**

Consumers and taxpayers will benefit from AB 340. As more and more states pass ORC legislation, we do not want Wisconsin to become a dumping ground for stolen and dangerous products. I would hate to see that happen and hope you share my opinion. Thank you for allowing me the opportunity to comment today. Should you have any questions specific to ORC or AB 340 I will be happy to discuss the issue further.

**Testimony of**

**Brad Brekke  
Vice President  
Assets Protection  
Target Corporation**

**before the  
House Judiciary Committee  
Subcommittee on Crime, Terrorism, and Homeland Security**

**“Organized Retail Theft: Fostering a Comprehensive Public-Private Response”**

**October 25, 2007  
10:00 a.m.**

**2141 Rayburn House Office Building  
Washington, DC 20515**



## INTRODUCTION

I am pleased to provide written testimony on behalf of Target and to represent the Coalition Against Organized Retail Crime.

By way of background, the Coalition Against Organized Retail Crime, which has been together now for six years, is comprised of national manufacturing and retail organizations as well as individual companies from both sectors. In total, there are 32 members. A roster of all Coalition members can be found at the end of this written testimony. We are also pleased to recognize the formal support of the International Association of Chiefs of Police (IACP) in our effort to control retail crime and the Internet fencing of stolen property.

The Coalition wishes to commend Chairman Scott and Ranking Member Forbes for scheduling today's hearing. This new focus on this issue is a very timely and appropriate response to the problem of Organized Retail Crime that is victimizing practically every segment of the retail community from supermarkets and retail drug stores, to mass merchandisers, department stores, specialty shops, boutiques, and convenience stores among others. We commend the Chairman, Ranking Member, and this Committee for recognizing the runaway problem of organized retail crime (ORC) and its causes.

I would like to discuss three important issues concerning this problem:

- First, I will briefly describe the nature of retail crime today and how it has evolved;
- Second, I would like to describe our substantial efforts to combat retail crime and explain how the Internet fuels its dramatic growth.
- Finally, I will explain how we can join together in encouraging on-line auctions sites to help protect our communities by preventing their sites from becoming markets for stolen goods and without expending valuable criminal justice resources on more arrests and prosecutions.

## BACKGROUND ON ORC

First of all, when I refer to Organized Retail Crime, I do not intend to discuss the different phenomenon of what is commonly referred to as "shoplifting." Obviously, this type of theft is well understood and within the experience of most retailers. Organized retail crime, however, refers to the growing problem of mostly gangs but sometimes individuals who are engaging in illegally obtaining retail merchandise through both theft

and fraud in substantial quantities and as part of a commercial enterprise in which the merchandise is resold through large scale distribution networks. The tactics can vary from multi-person diversionary efforts, to abuse of emergency exit doors and employing counter measures such as foil lined bags to defeat electronic merchandise protection tags. These criminal commercial enterprises are of a different nature and a different scale from what we have come to understand as "shoplifting." As I will explain, the size of these enterprises is often a function of their ability to redistribute their stolen merchandise. And the Internet has transformed their ability to resell their stolen goods.

Yesterday, a for-profit retail theft may have focused on high-value individual items such as a watch or electronics that might garner economic return to the thief even if they had to sell it at a heavy discount. Today, commercial ORC gangs exhibit modern practices of inventory management to help them meet the growing demand for the entire range of stolen merchandise such as consumer electronics, heartburn medication, Dyson vacuum cleaners, printer cartridges, razors, DVDs, dental white strips, anti-histamines, over-the-counter painkillers, diabetes test kits, and increasingly, baby formula. The inclusion of baby formula is troubling since there is little likelihood that attention is paid to whether it is safely stored prior to resale.

Another interesting development is that some organized property rings actually use advanced "just-in-time" inventory control systems in which they first accept orders for goods and only then do they make up "shopping lists" that they direct their boosters to go out and steal.

These commercial rings are a growing problem throughout the United States affecting many sectors of the retail community from supermarkets and chain drug stores to mass merchandisers and specialty stores. Precise measurements of the true scope of this problem are impossible due to the inherently secretive nature of what is, after all, a criminal enterprise. Not surprisingly, criminal gangs do not publicly report either their sales or their thefts. Studies by different academics estimate the scope of the problem at different levels but consistently in the billions of dollars annually. The Federal Bureau of Investigation (FBI) interstate task force recently estimated that Organized Retail Crime accounted for up to \$30 billion in losses annually at the store level. By any measure, it is a significant issue affecting our communities.

## **RETAIL INDUSTRY EFFORTS**

For years, the retailing industry has vigorously worked to control organized retail crime and other forms of retail theft. According to industry studies, retailers collectively spend an estimated \$12 billion annually to combat retail theft. These efforts include but are not limited to the following:

- new technologies in tamper resistant packaging,
- labeling technologies,
- merchandise protection fixtures,
- high tech surveillance camera with sophisticated computer analytics and remote monitoring,

- sophisticated background investigations for employees to identify ORC ring members,
- many thousands of dedicated loss prevention professionals and investigators,
- we at Target have even invested millions in establishing forensic laboratories with latent fingerprint and other capabilities that support not only our own ORC investigations but also other law enforcement prosecutions all at no charge to law enforcement.

Any suggestions that retailers are reducing their efforts to fight retail theft are erroneously misconstruing data by narrowly focusing on loss prevention staffing only. These estimates fail to consider the expenditures against retail theft that are part of our construction, human resources and information technology budgets. This is an enormously important and expensive effort for the retail industry. There is no question that these efforts will continue and grow. However, the continuing growth of retail crime and the damage it causes to communities must cause us all to recognize that something needs to be done to control the resale market for stolen goods.

### E-FENCING

As has been recently reported in network news stories reported by both CNN and CNBC, (see attached) the explosive growth in retail crime has been fueled by the advent of technology in general and the Internet specifically.

Before the internet, the market for stolen goods was limited by several critical factors:

- First, buyers and sellers of stolen goods had to physically interact with one another face-to-face and this naturally limited the overall size of the market for stolen goods;
- Second, the face-to-face nature of stolen goods market meant buyers could usually recognize the questionable legality of the merchandise offered and were willing to pay much less for goods (generally in the range of \$.30 on the dollar); this made profits lower;
- Finally, the personal nature of the stolen goods market, along with state and local pawnshop regulations, meant that sellers of stolen goods had to identify themselves and identify their goods with serial numbers.

In the "bricks and mortar" world, it was difficult to operate with anonymity.

Today, that has all changed. The Internet has created a world wide market for stolen goods in which the sellers are anonymous and there is an enormous universe of buyers who are generally unaware of the nature of the goods sold. These unwitting buyers are usually willing to pay twice (close to \$.70 on the dollar) that which was previously available to fences in the "bricks and mortar" world.

Moreover, Internet fences are routinely evading the traditional laws used by state and local governments to protect our communities by controlling sales of stolen property.

Virtually all state and local pawnshop regulations require sellers to identify themselves and identify the serial numbers of goods sold. But on the Internet, there are currently no controls. This means that there are no limits on fences operating in the Internet and no assurances that the property consumers are buying is not stolen.

Not surprisingly, the enormous new profits available to organized retail crime rings are resulting in more and more boosters in the stores.

### **PROPOSED REQUIREMENTS FOR ONLINE AUCTION COMPANIES**

Retailers, in partnership with law enforcement, will continue to fight this problem. But the growth in organized retail crime - fueled by technology and Internet fencing - has reached such a scale that retail and law enforcement cannot successfully fight this problem one booster and one fence at a time.

Consideration of two statistics can put in perspective the scale of this problem relative to available criminal justice resources.

- In the most recent year, Target alone made approximately 75,000 theft apprehensions in its stores.
- By comparison, the total number of criminal cases in all federal district courts across the country is usually less than 60,000 cases in any one year.

What this means is that even if all of the U.S. Attorneys across the country stopped prosecuting bank robberies, fraud, drug trafficking and even terrorism, there still would not be enough capacity to prosecute even the apprehensions made by Target. Obviously, the entire industry makes hundreds of thousands of apprehensions annually. But sending even more people into the criminal justice system is not the answer and not what we are proposing. This also explains why cooperation from the Internet auction industry in individual cases and only when requested by law enforcement is also insufficient. We need to change behavior and the internet auction sites need to join us in this effort.

It was once said by some insightful observer that: "If the only tool you have is a hammer, then all of your problems begin to look like nails." Mr. Chairman, we can't keep addressing this issue by investigating and apprehending one fence at a time; we need to add a new approach to this problem.

Mr. Chairman, we need to have responsible internet auction sites make modest changes to their sites to help reduce sales of stolen property in the first place. And we can do this by applying traditional models of stolen property regulation to the Internet and inject some needed transparency to these transactions.

And, Mr. Chairman, transparency works. It is already being effectively used on other parts of the Internet. Today, every vehicle listed for sale on eBay Motors is accompanied by a Vehicle Identification Number (VIN) [the VIN itself can be verified

for accuracy through Carfax] which permits ready and automated identification of any stolen car posted for sale. This requirement of posting identifying information has virtually eliminated the sale of stolen vehicles through this service. It could have the same effect in preventing sales of stolen iPods and vacuum cleaners.

Opponents to this proposal frequently cite alleged privacy concerns to oppose these requirements but the United Kingdom has employed a similar requirement for high volume Internet sellers for years without adverse consequences. Moreover, our suggestion is to limit the required identification of sellers to only the high dollar volume sellers. This will protect the privacy of infrequent sellers while preventing high volume commercial sellers from hiding in unnecessary anonymity.

These requirements are not unorthodox. As I mentioned earlier, these requirements, identification of sellers and providing serial numbers, are the very same features that are common in almost all state and local pawnshop laws. These simple requirements have been used by virtually all communities to protect themselves from property crime problems. These are the same requirements that sellers are evading by going on-line. This means that the advent of e-fencing has taken this traditional state and local issue and made it impossible for local law enforcement to control. Every local fencing operation with access to the Internet can now operate internationally and beyond the reach of local law enforcement. A federal solution is necessary to protect our communities.

We believe that law enforcement needs new tools to prosecute irresponsible internet auction sites and marketplaces that refuse to exercise due diligence over persons using their facilities. In this regard, what we are suggesting is that Internet auction sites who fail to exercise due diligence to prevent the facilitation of stolen property sales should be treated not unlike financial institutions that fail to exercise due diligence to identify and prevent money laundering by their customers.

#### **RETAILERS WANT TO PARTNER WITH INTERNET AUCTION SITES**

I want to make clear that we are not seeking the criminal prosecution of responsible Internet auction sites. Rather, we want to encourage them to join us in protecting our communities. In fact, we would expect that responsible Internet auction sites and their customers would welcome this opportunity to reduce the sale of stolen property online.

Retailers have already formed critical partnerships that will pay important dividends under the proposed legislation, if passed. For example, certain Coalition members, such the National Retail Federation (NRF), the Retail Industry Leaders Association (RILA) and the Food Marketing Institute (FMI) have recently partnered with the Federal Bureau of Investigations (FBI) to create a national data base, the Law Enforcement Retail Partnership Network (LRPNet) that tracks where ORC crimes are being committed throughout the country. This same database could be used to house and match the serial numbers of stolen merchandise to the serial numbers posted by online

auctions sites. The partnership with the FBI could also be relied upon to ensure that the serial numbers and this database are used only to control criminal conduct and not misused for other purposes.

### **CONCLUSION**

While retailers will continue to invest billions in trying to prevent organized retail crime and apprehend and prosecute the perpetrators, it is clear that the problem can not be solved by fighting these cases one by one and only in the shopping aisles. At the rate the Internet is growing and the constantly and rapidly escalating scale at which any criminal is now able to operate, it is clear that there is an immediate need to update the law to cover these 21<sup>st</sup> century criminal operations.

We can do this by applying proven methods such as transparency and the posting of serial numbers that permit the tracing of stolen property. These modest measures have already been proven to be effective, even in the Internet age. And these measures can reduce property crime without more arrests and incarceration.



# **Coalition Against Organized Retail Crime**

- **Abbott Laboratories**
- **Ahold USA, Inc.**
- **Consumer Healthcare Products Association**
- **Cosmetic, Toiletry, and Fragrance Association**
- **CVS/pharmacy**
- **Duane Reade**
- **Eastman Kodak Company**
- **Eckerd Corporation**
- **Food Lion, LLC**
- **Food Marketing Institute**
- **Giant Food LLC**
- **Giant Food Stores LLC**
- **GlaxoSmithKline**
- **Grocery Manufacturers/Food Products Association**
- **International Formula Council**
- **National Association of Chain Drug Stores**
- **National Association of Convenience Stores**
- **National Community Pharmacists Association**
- **National Retail Federation**
- **Nestle**
- **Publix Super Markets, Inc.**
- **Retail Alliance**
- **Retail Industry Leaders Association**
- **Rite Aid Corporation**
- **Safeway Inc.**
- **Security Industry Association**
- **The Stop & Shop Supermarket Company**
- **Target Corporation**
- **Tops Markets, LLC**
- **Wal-Mart Stores, Inc.**
- **Walgreen Co.**



February 13, 2008

Committee on Judiciary, Corrections and Housing  
Wisconsin State Senate  
State Capitol  
Madison, Wisconsin 53702

Dear Members of the Committee on Judiciary, Corrections and Housing:

Target Corporation would like to express our support for AB 340 which enhances penalties for those participating in an organized retail crime ring. Organized Retail Crime (ORC) is clearly the most pressing security problem facing our industry.

ORC is a problem that is both growing and evolving, due, in large part, to the proliferation of information technologies, most notably, the internet. Known as internet or e-fencing, criminals sell stolen or fraudulently acquired merchandise through online auctions that function as virtual pawnshops in a 24/7 marketplace. ORC now accounts for up to \$30 billion in losses at the store level annually according to the Federal Bureau of Investigation's (FBI) interstate task force. These losses due to ORC account for \$31.5 million in loss sales tax revenue in the state of Wisconsin according to estimates by the Food Marketing Institute.

More importantly and most disturbing is the fact that this type of criminal activity can put consumers' health and safety at risk. Professional shoplifting rings frequently steal consumable products, such as over-the-counter medications and infant formula. Pilfered products may not be kept under ideal conditions and often times these shoplifting rings repackage or change the labels to falsely extend the product's expiration date.

We support AB 340 because enhancing the felony level for ORC activities is a strong deterrent against crimes of this nature. By improving the record-keeping requirements for flea markets we can prevent businesses from acting as clearinghouses for stolen merchandise. Please feel free to contact me with any questions at (612) 696-6866.

Sincerely,

Nate Garvis  
Vice President, Government Affairs